

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Qwest Communications International Inc.  
and the Federal Communications Commission:

We have examined Qwest Communications International Inc.'s (the "Company") accompanying Statement of Management Assertions (the "Statement") related to compliance with the relevant requirements of Section 271 of the Communications Act, as amended ("Section 271"). The Company's Statement is made pursuant to the requirements of the Federal Communications Commission's ("FCC") March 10, 2000 and June 26, 2000 Memorandum Opinions and Orders in Docket No. 99-272, *In the Matter of Qwest Communications International Inc. and U S WEST, Inc., Applications for Transfer of Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License* ("FCC Orders"). In this proceeding the Company submitted a plan regarding the divestiture of its in-region interLATA services in compliance with the relevant requirements of Section 271. This plan was set forth in a Divestiture Compliance Report submitted to the FCC on April 14, 2000, and in subsequent filings by the Company with the FCC in Docket No. 99-272 (collectively, the "Company Divestiture Plan"). In the June 26 Order the FCC approved the Company Divestiture Plan as consistent with Section 271, subject to certain specified modifications to that Plan set forth in the Order (as so modified, the "Final Divestiture Plan"). This Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this Statement based on our examination.

Except with respect to our inability to examine certain contracts as discussed below, our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and accordingly, included examining on a test basis, evidence supporting Management's assertions, as well as such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with the specified requirements.

Management has asserted that:

1. As of the closing of the merger of the Company with U S WEST, Inc. on June 30, 2000, the Company had divested its prohibited in-region interLATA services in accordance with the Final Divestiture Plan and the FCC's Orders in Docket No. 99-272.
2. The Company has implemented methods, procedures and internal controls that enable it to operate its business in accordance with the Final Divestiture Plan and the FCC's Orders in Docket No. 99-272.
3. For the period from July 1, 2000 to December 31, 2000, the Company has operated its business in accordance with the Final Divestiture Plan and the FCC's Orders in Docket No. 99-272.

As set forth in the FCC's final order in Docket 99-272, subject to certain transition exceptions, the Company is precluded from offering joint volume discounts for new contracts entered into after the date of divestiture. As part of our procedures we requested selected contracts to review for consistency with the requirements related to joint volume discounts. As of the date of this report, all contracts requested for our review are not yet available and consequently, we were unable to complete our procedures with respect to this requirement.

In our opinion, except for the impact of such matters, if any, that might have been reported with respect to our review of customer contracts as discussed above, the Company's Statement is fairly stated, in all material respects.

As further discussed in Attachment I, we noted certain variances from the Final Divestiture Plan and the FCC Orders, which did not impact our opinion on management's assertion as a whole.

This report is intended solely for the information and use of the Board of Directors and management of the Company and the FCC and should not be used for any other purpose. Since this report will be filed in documents that are a part of the public record, its distribution is not limited.

*Arthur Andersen LLP*

Denver, Colorado,  
April 16, 2001.

## **ATTACHMENT I to REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To Qwest Communications International Inc.  
and the Federal Communications Commission:

As indicated in our report dated April 16, 2001, we noted certain variances from Qwest's Final Divestiture Plan and the FCC Orders, which did not impact our opinion on management's assertion as a whole, a description of which follows.

Through the course of our work related to Qwest's identification and divestiture of customer accounts, we noted that the account records of 458 customers included prohibited in-region interLATA service component codes. These in-region interLATA service component codes were added to the customer accounts after June 30, 2000.

Of the 458 customers with prohibited in-region interLATA service component codes, 192 of these customers had only metered in-region interLATA services. A judgmental sample of invoices reviewed related to these 192 customers properly identified Touch America as the carrier of the services in accordance with the Final Divestiture Plan.

Of the 458 customers with prohibited in-region interLATA service component codes, certain non-metered services (e.g. private line services) for 266 customers were billed and branded as Qwest services. The total amount of revenues billed as Qwest service related to these 266 customers during the six-month period ended December 31, 2000 was \$1,189,685. We also noted that an additional \$1,023,045 of revenues related to these customers was billed as Qwest service from January 1, 2001 through March 31, 2001. Qwest is reviewing the detail of these 266 customer accounts to identify potential exempt services which may be included in the above estimates.